

CLEVELAND PUBLIC LIBRARY
BUSINESS DEPT. DIV.
CORPORATION FILE



1958

Annual Report

FISHER FOODS

THE YEAR AT A GLANCE^o

Operations

	1958	1957
Sales	\$ 102,178,195	\$97,669,610
Profit before income taxes	2,271,556	2,840,066
Federal income taxes—net	1,160,000	1,340,000
Net profit	1,111,556	1,500,066
Net profit—Per cent of sales	1.09	1.54
Cash dividends	708,750	594,000
Earnings retained in the business	402,806	906,066

Investment

Working capital	6,697,219	6,894,649
Ratio of current assets to current liabilities	2.84 to 1	2.72 to 1
Plant and equipment	7,351,184	6,875,861
Long-term debt	1,375,000	1,500,000
Common shareholders' equity	10,064,657	9,661,851

Per Common Share

Profit	1.70	2.38
Dividends	1.00	.80
Equity	17.54	16.84
Shares outstanding	573,750	573,750

LETTER TO SHAREHOLDERS

2323 Lakeside Avenue
Cleveland 1, Ohio

To the Shareholders:

The year 1958 (a fifty-three week year) is hereby recorded as the greatest in the company's history in gross sales and tonnage of goods handled, but not from the standpoint of net profits.

Net sales for the 53-week year beginning December 29, 1957, and ending January 3, 1959, were \$102,178,195, compared with \$97,669,110 for the 52-week year in 1957, representing an increase of \$4,508,585, or 4.62%.

Net income for the year 1958, after provision for depreciation, all other charges, and estimated Federal Income Tax was \$1,111,556, equivalent after Preferred Dividend requirements to \$1.70 per share on the Common Stock. This compares with net income of \$1,500,066 in the year 1957, equivalent after Preferred Dividend requirements of \$2.38 per Common Share.

A non-recurring Federal Income Tax deduction of \$115,000 was included in the Statement of Income in our 1957 Report, which amounted to approximately .20¢ per share. Without this non-recurring item net income in 1957 would have amounted to only \$2.18 per share.

The decline in net income shown above was, to a great extent, due to the serious effect of the 1958 recession in our trading area, namely Greater Cleveland, Youngstown, Lorain, and Sandusky. Concentration of heavy industry in this area (steel, automotive, machine tools, etc.) created a serious unemployment situation in our market. This condition made it necessary for us to engage in extra heavy promotional activities, not only for the 7 large Master Markets opened by us in 1958, but also for the business as a whole.

At the end of the year 1958, Fisher Foods operated 87 stores as compared with 92 stores in operation at the close of 1957. During the year 1958 we closed 12 small stores and opened 7 large Master Markets.

Our 1959 program plans for the opening of 2 new Master Markets, both scheduled to be in operation late in February, 1959. Two additional locations are committed and scheduled for early 1960 opening, but possibly may be in operation late in 1959.

Net Current Assets of the Company on January 3, 1959, amounted to \$6,697,219. The ratio of Current Assets to Current Liabilities at year end was 2.84 to 1, as compared with 2.72 at the end of 1957.

Inventories on hand at the end of the year amounted to \$6,494,865, a decrease of \$302,425 from the previous year. At the current rate of retail sales, inventories represent about 20 days' operating supply of merchandise.

The management is truly appreciative of the fine spirit of loyalty, cooperation, and teamwork displayed by all members of the organization throughout the year.

Respectfully submitted,



Chairman of the Board of Directors



President

BALANCE SHEETS

ASSETS

	Jan. 3, 1959	Dec. 28, 1957
CURRENT ASSETS		
Cash	\$ 3,043,294	\$ 3,385,556
Trade accounts receivable	246,758	275,691
Inventories of merchandise — at lower of cost (first-in, first-out or average bases) or market	6,494,865	6,797,290
Deferred taxes and other prepaid items	548,205	438,452
TOTAL CURRENT ASSETS	\$10,333,122	\$10,896,989
MISCELLANEOUS RECEIVABLES AND INVESTMENTS	91,254	91,341
PROPERTY, PLANT, AND EQUIPMENT		
Land, at cost	\$ 486,927	\$ 560,034
Buildings, at cost	3,338,179	3,755,642
Fixtures and equipment, at cost	9,804,913	8,255,532
	<u>\$13,630,019</u>	<u>\$12,571,208</u>
Less allowances for depreciation	6,461,269	5,851,103
	<u>\$ 7,168,750</u>	<u>\$ 6,720,105</u>
Improvements to leased properties, at cost less amortization	182,434	155,756
TOTAL PROPERTY, PLANT, AND EQUIPMENT — NET	\$ 7,351,184	\$ 6,875,861
	<u><u>\$17,775,560</u></u>	<u><u>\$17,864,191</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE A — Stock options

Under a plan adopted in 1957, options to purchase 15,000 shares of the Company's Common Stock at \$17.69 a share (95% of market price) were granted to officers and key employees on June 20, 1957. The options are exercisable to the extent

of one-fourth of the shares after two years from date of grant and an additional one-fourth after each of the three years thereafter. In addition to the options outstanding for 15,000 shares, there are 5,000 shares of unissued Common Stock reserved for options that might be granted subsequently.

LIABILITIES AND SHAREHOLDERS' EQUITY

	Jan. 3, 1959	Dec. 28, 1957
CURRENT LIABILITIES		
Trade and sundry accounts payable	\$ 2,638,920	\$ 2,771,179
Payrolls and amounts withheld therefrom	361,660	321,201
Dividend payable on Preferred Stock	—0—	33,750
Accrued state and local taxes	316,500	283,000
Installments due within one year on long-term notes	125,000	125,000
Federal taxes on income — estimated, less United States Treasury Bonds and Notes (1959 and 1957 — \$528,521)	193,823	468,210
TOTAL CURRENT LIABILITIES	\$ 3,635,903	\$ 4,002,340
LONG-TERM 3% NOTES PAYABLE (due \$125,000 annually — balance due July 1, 1969), less install- ments due within one year classified as current liabilities	 1,375,000	 1,500,000
SHAREHOLDERS' EQUITY		
Preferred Stock — \$5 cumulative, without par value; redeemable at \$105 a share: Authorized and outstanding 27,000 shares at involuntary liquidation price	 \$ 2,700,000	 \$ 2,700,000
Common Stock — par value \$2.50 a share — Note A: Authorized 1,000,000 shares; outstanding 573,750 shares	 1,434,375	 1,434,375
Earnings retained and invested in the business — Note B	8,630,282	8,227,476
TOTAL SHAREHOLDERS' EQUITY	\$12,764,657	\$12,361,851
LONG-TERM LEASES — Note C	 <u>\$17,775,560</u>	 <u>\$17,864,191</u>

NOTES TO FINANCIAL STATEMENTS

NOTE B — Limitations on the payment of dividends

The terms of the loan agreement provide, among other things, limitations on dividends and other payments on capital stock. Because of these limitations approximately \$5,200,000 of earnings retained and invested in the business were not available for the

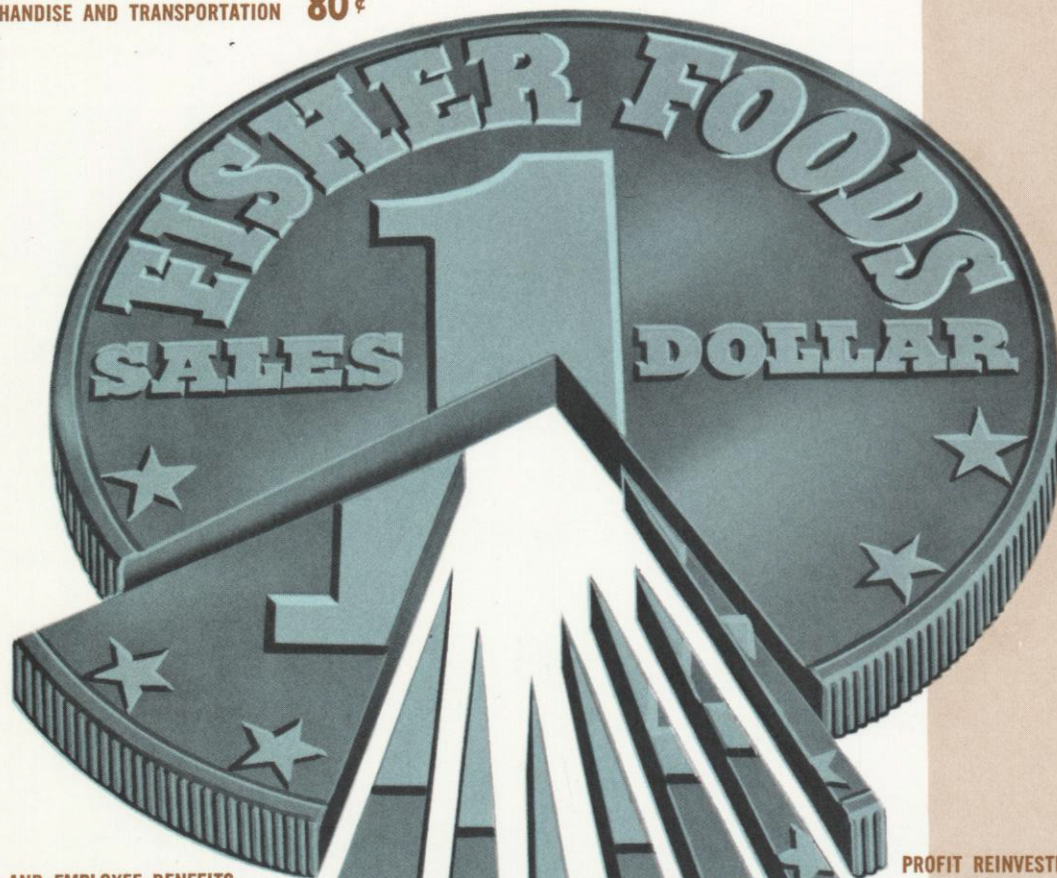
declaration of dividends or for other payments to shareholders at January 3, 1959.

NOTE C — Long-term leases

The minimum annual rental payable under leases expiring more than three years from January 3, 1959, is approximately \$935,000.

HOW OUR 1958 SALES DOLLAR WAS DIVIDED

MERCHANDISE AND TRANSPORTATION 80¢



Total Amount of 1958 Sales \$102,178,195 100.00%

These receipts went:

To supplies for merchandise and transportation	\$ 81,708,251	79.97%
To employees for payrolls, etc.	12,922,792	12.64%
For rent, light, heat and utilities	1,971,806	1.93%
For federal, state and local taxes	1,453,908	1.42%
For advertising and promotions	1,114,097	1.09%
For repairs and store supplies	1,061,868	1.04%
For replacement of equipment	833,917	.82%
To Shareholders	708,750	.69%
For use in the business to provide facilities and working capital	402,806	.40%

WAGES AND EMPLOYEE BENEFITS

12 ⁷/₁₀ ¢

RENT LIGHT HEAT AND UTILITIES

1 ⁹/₁₀ ¢

TAXES (LOCAL, STATE, AND FEDERAL)

1 ²/₅ ¢

ADVERTISING AND PROMOTIONS

1 ¹/₁₀ ¢

REPAIRS AND STORE SUPPLIES 1 ¢

REPLACEMENT OF EQUIPMENT ⁴/₅ ¢

DIVIDENDS TO THE SHAREHOLDERS ⁷/₁₀ ¢

PROFIT REINVESTED IN THE BUSINESS ²/₅ ¢

STATEMENT OF INCOME

	53 WEEKS ENDED	52 WEEKS ENDED
INCOME	Jan. 3, 1959	Dec. 28, 1957
Net Sales	\$102,178,195	\$97,669,610
Gain on sale of investment	2,352	40,660
Miscellaneous other income	32,679	33,722
TOTAL INCOME	\$102,213,226	\$97,743,992
Deductions (including depreciation of \$833,917 in 1958 and \$749,669 in 1957):		
Cost of merchandise sold, including warehousing expenses	\$ 84,711,913	\$80,699,030
Selling, general, and administrative expenses	15,181,005	14,152,415
Interest expense	48,752	52,481
	\$ 99,941,670	\$94,903,926
INCOME BEFORE FEDERAL TAXES ON INCOME	\$ 2,271,556	\$ 2,840,066
Federal taxes on income — estimated:		
Provision for the year	\$ 1,160,000	\$ 1,455,000
Reduction because of change in listing date for Ohio personal property tax	—0—	115,000
	\$ 1,160,000	\$ 1,340,000
NET INCOME	\$ 1,111,556	\$ 1,500,066

EARNINGS RETAINED AND INVESTED IN THE BUSINESS

Balance at beginning of period	\$ 8,227,476	\$ 7,321,410
Net Income	1,111,556	1,500,066
	\$ 9,339,032	\$ 8,821,476
Cash dividends:		
On Preferred Stock — \$5 a share	\$ 135,000	\$ 135,000
On Common Stock — \$1 a share (\$.80 a share in 1957)	573,750	459,000
	\$ 708,750	\$ 594,000
Balance at end of period	\$ 8,630,282	\$ 8,227,476

See notes to Financial Statements

AUDITORS' REPORT

ERNST & ERNST

UNION COMMERCE BUILDING

CLEVELAND 14, OHIO

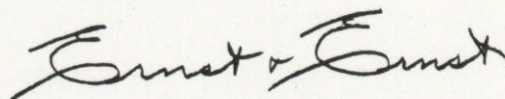
ACCOUNTANTS-AUDITORS
MANAGEMENT SERVICES

OFFICES IN PRINCIPAL CITIES
ASSOCIATES IN FOREIGN COUNTRIES

Board of Directors
The Fisher Brothers Company
Cleveland, Ohio

We have examined the financial statements of The Fisher Brothers Company for the period of fifty-three weeks ended January 3, 1959. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of income and earnings retained and invested in the business present fairly the financial position of The Fisher Brothers Company at January 3, 1959, and the results of its operations for the period of fifty-three weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



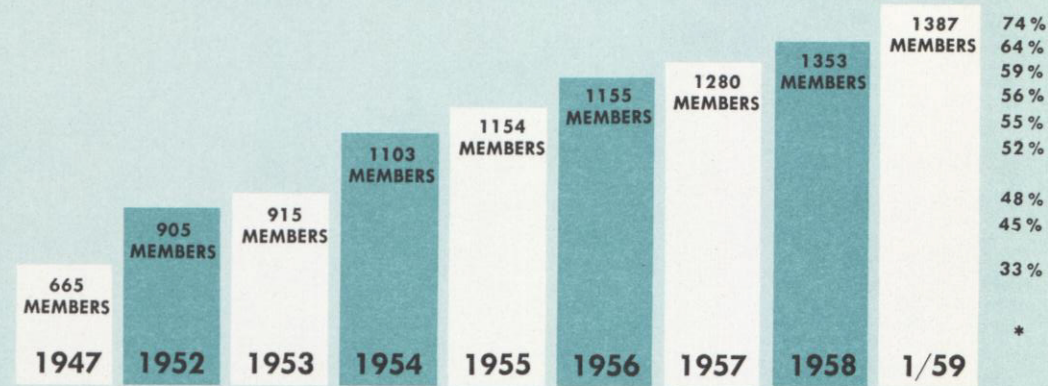
Certified Public Accountants

Cleveland, Ohio
January 26, 1959

FISHER GROWTH PATTERNS

LEGION OF CHAMPIONS CHART

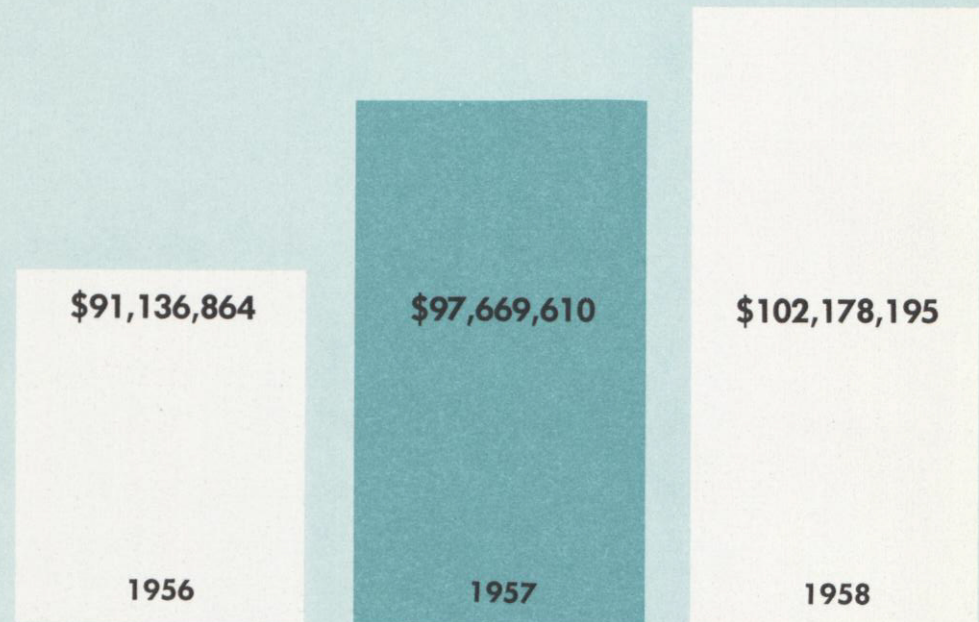
Fisher's greatest asset is its large, veteran work force, well schooled in the traditions of friendly service. The growing percentage of Legion of Champion members is a tribute to The Fisher Bros. Co. as an excellent employer, and the resulting low turnover in the basic work force goes far to raise efficiency and lower training costs.



* % of employees with 5 years continuous full-time service or more.

SALES CHART

Fisher Foods in '58 crashed into the exclusive \$100,000,000 Club with a couple of million to spare. The feat is even more remarkable in view of the recession year that found so many businesses suffering reduced sales especially in our Northeastern Ohio territory. The fact that six of the seven new stores contributed less than six months sales to this total volume indicates another banner year is in the offing for '59.





WAREHOUSE ADDITION & TRUCKS

Fisher Foods has kept pace with modern material handling procedures through such innovations as the efficient ramp and dock addition on the west end of the warehouse and new cartage and unloading methods that have shown savings of better than 60% on the longer hauls.

Fishers maintains an impressive array of 142 pieces of rolling equipment including 68 trailers, 36 tractors, 22 refrigerated trucks and 16 maintenance and service trucks. This fleet services eighty-eight stores in eight counties on a round-the-clock schedule.



F F & V LOADING DOCK

When the sun goes down, the Fresh Fruit and Vegetable Warehouse springs to life as trucks are loaded with produce, just hours from the fields, and dispatched to Fisher's eighty-eight stores. Swift, careful, fully-mechanized handling and early morning deliveries guarantee maximum freshness for every Fisher customer.

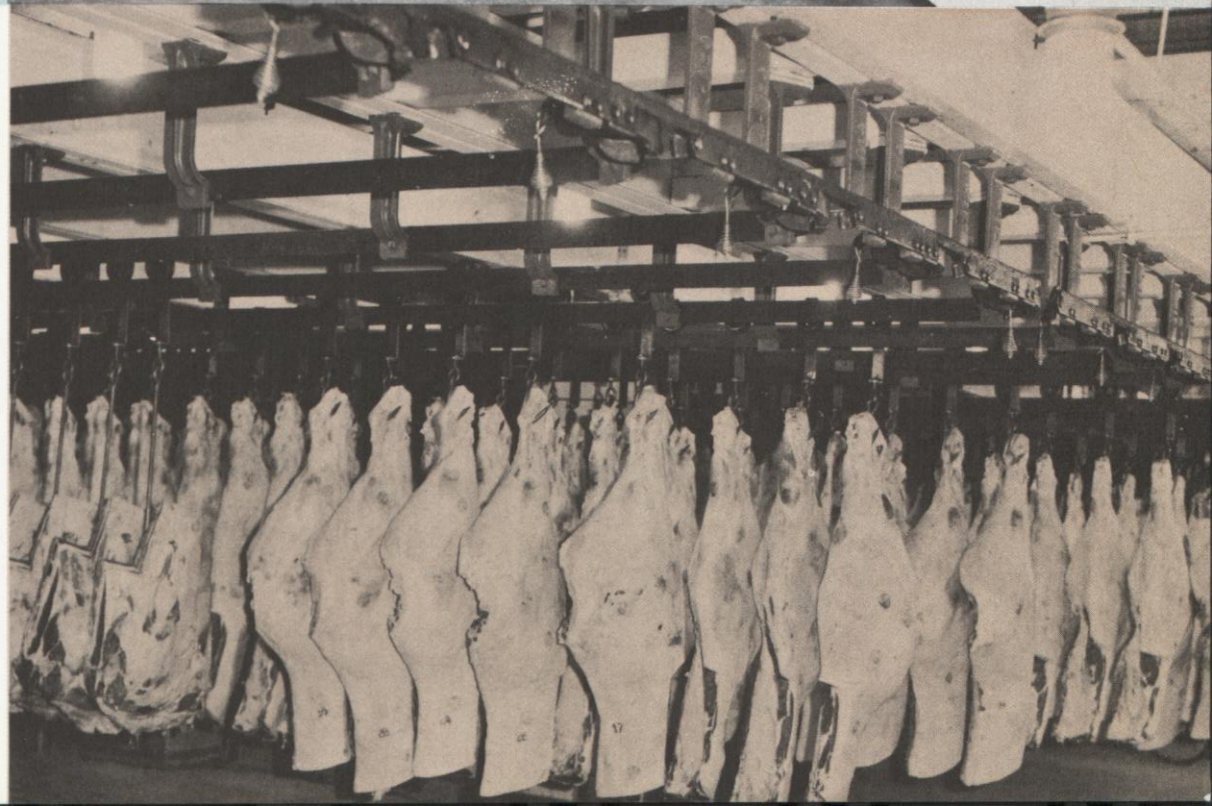
BAKERY OVEN

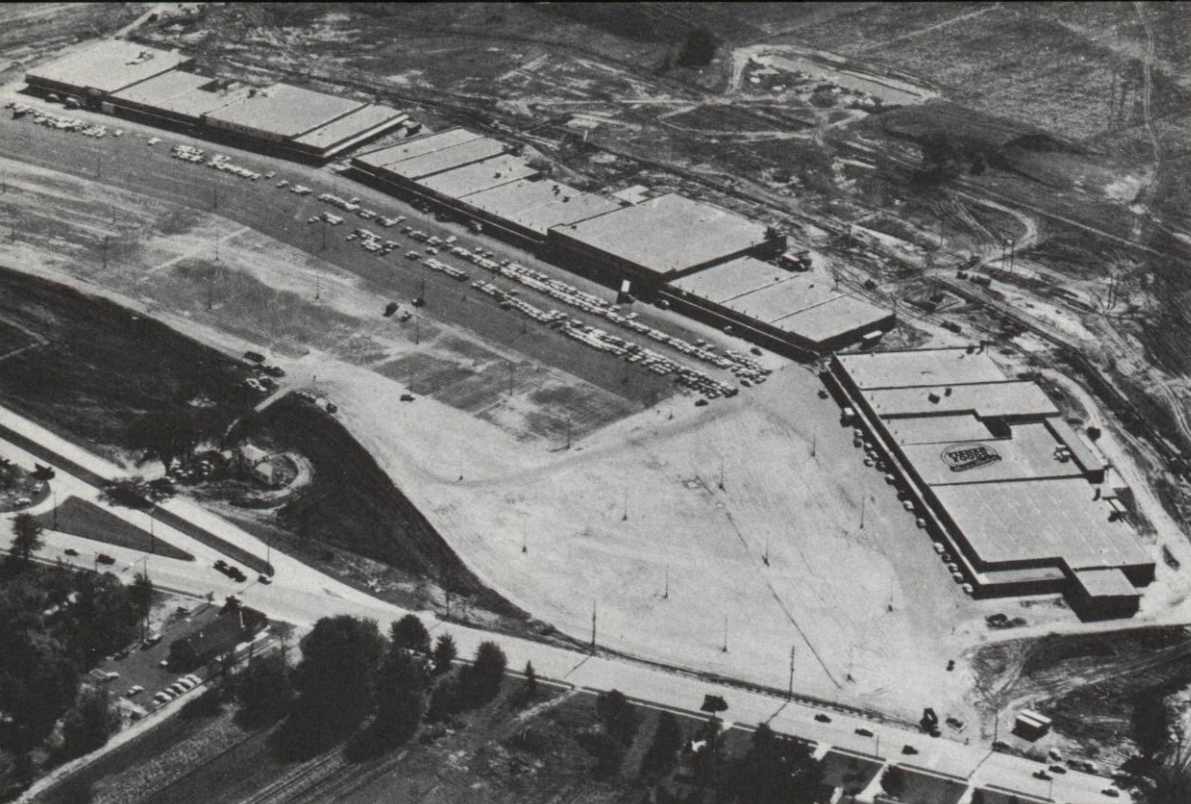
Pictured here is the huge, up-to-date electronically controlled, gas-fired oven in Fisher's efficient bakery. This oven is fully automatic in loading and discharging, and in both heat and time control. It has a capacity of 5400 loaves per hour. The Fisher bakery produces fifty-nine varieties of baked goods including fifteen kinds of bread. Output of bread alone exceeds 150,000 loaves a week.



SIDES OF BEEF

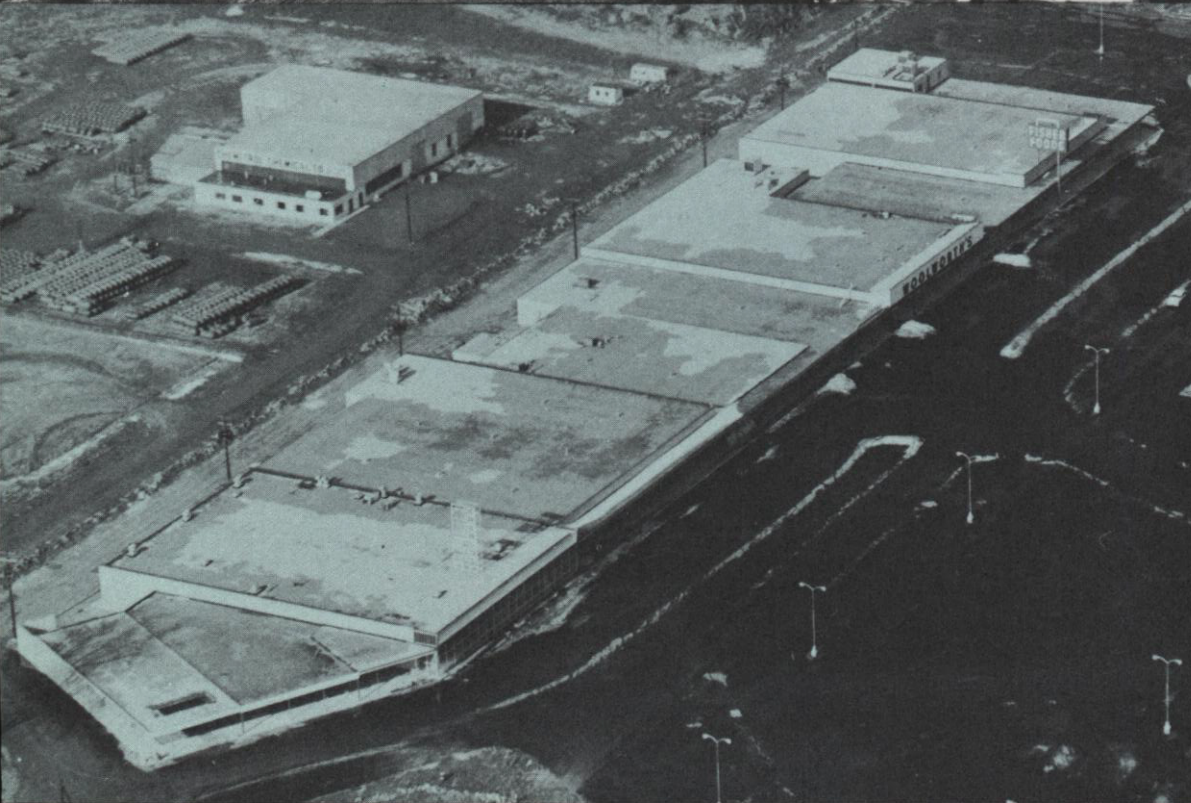
The well-equipped Meat Distribution Center receives, sorts, and distributes meat, fish, and poultry to Fisher's eighty-eight retail meat outlets via refrigerated trucks. The Distribution Center operates on a twenty-four hour basis all year round.





NORTH OLMSTED

During Fisher's fifty-first year the expansion rate reached a new modern high with the addition of seven huge Master Markets. Three were situated in the Youngstown-Warren area, a new territory for this concern. Two were opened in Lorain County to meet that area's potential population growth. These showplaces, like the North Olmsted store pictured at the right, swung wide their doors on the area's most beautiful food outlet.



FREMONT

The most significant new store addition in the offing for 1959 is Fisher's large Master Market at the Potter Village Shopping Center in Fremont, Ohio. This installation is ninety miles from the central food distribution center and marks a bold move into the previously untapped western Ohio counties.

IN-STORE PIX

Fresh dependable meats and produce bring new customers into our stores and these same customers are Fisher's best guarantee of freshness as they assure a rapid turnover of perishables. Modern refrigeration, specially designed material handling conveyors, and close supervision combine with this rapid turnover to make good the famous slogan: "It's Fresher at Fisher's."



CHECKOUTS

Modern electronic cash registers provide the maximum in service and control. Customers are checked out more rapidly and with less opportunity for error through the efficiency of these complex machines, while this same efficiency and thoroughness provide management with accurate and instantaneous records of total sales, sales by department and customer count.



THE FISHER BROTHERS COMPANY

Officers

Chairman of the Board E. H. FISHER
 President T. J. CONWAY
 Vice President W. J. JERMAN
 Vice President J. HILLENBRAND
 Vice President W. R. BOYD
 Treasurer E. C. RYAN
 Secretary G. C. FISHER

Directors

T. J. CONWAY	G. C. FISHER
H. T. CLARK	J. HILLENBRAND
E. H. FISHER	W. J. JERMAN
J. B. FISHER	E. C. RYAN
J. W. SALMON	



NORTHERN OHIO'S CHAMPIONS OF GOOD LIVING

LAKE ERIE

SANDUSKY

LORAIN

ELYRIA

CLEVELAND

EASTLAKE

WILLOUGHBY

PAINESVILLE

ASHTABULA

WARREN

YOUNGSTOWN

FREMONT

BRUNSWICK

MEDINA



New Locations for '59

